

BEFORE THE
THE FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)	CC Docket No. 96-45
Federal-State Joint Board)	
On Universal Service)	
)	
RCC Holdings, Inc.)	
Petition for Designation as an)	DA-02-746/DA 02-3181
Eligible Telecommunications)	
Carrier Throughout its Licensed)	
Service Area In the State of Alabama))	

COMMENTS OF THE MINNESOTA INDEPENDENT COALITION

The Minnesota Independent Coalition (“MIC”) files these comments supporting the Application For Review (“Application”) of the Alabama Rural Local Exchange Carriers (“Alabama Rural LECs”), filed December 23, 2002 in this matter. The MIC includes a number of small rural local exchange carriers (“LECs”) which provide local exchange service in Minnesota.¹ The Alabama Rural LECs seek Commission review of the decision by the Chief of the Wireline Competition Bureau granting the petition of RCC Holdings, Inc. (“RCC”) to be designated as an eligible telecommunications carrier (“ETC”) throughout its licensed service area in the state of Alabama. MIC joins the Alabama Rural LECs in urging full Commission review of this matter given the serious public interest issues raised in this proceeding. Respectfully, the Wireline Competition Bureau’s findings in this matter fail to address the critical issues discussed below, and set forth more fully in the Application, requiring Commission review.

¹ Attachment A lists the MIC member companies.

RCC provides CMRS service in rural areas of Alabama and many other states, including Minnesota.² Of course, to gain ETC status in areas served by rural telephone companies, RCC must demonstrate that its designation as an additional ETC is in the public interest. It is in making the public interest determination here that the Wireline Competition Bureau erred, principally by refusing to address issues raised by the Alabama Rural LECs.

As the Alabama Rural LECs note in their Application, the designation of ETC status for CMRS providers such as RCC has the very real potential to cause the Universal Service Fund (“USF”) to grow exponentially.³ The wireless market is extremely competitive. Thus, as certain carriers receive ETC status and USF funding, competing carriers can be expected to also petition for ETC status in order to remain competitive. When presented this issue, the Wireline Competition Bureau acknowledged the importance of the issue and the cost implications but nonetheless concluded that “these issues are beyond the scope of this Order.”⁴ However, the Commission cannot simply close its eyes to this issue. The record developed in this proceeding demonstrates the serious public interest implications of granting ETC status to a carrier such as RCC. The issue simply cannot be wished away.

Further, the Commission must review this matter to determine whether the benefits associated with granting RCC ETC status in Alabama outweigh the costs. The Alabama Rural LECs provided significant discussion of the costs associated with RCC’s petition, including not just the growth in the size of the USF but the loss of network efficiencies as well.⁵ Against these very real costs, weigh the unquantified “benefits” of competition alleged by RCC. Again, the

² Indeed, RCC has petitioned the Minnesota Public Utilities Commission (“MPUC”) for designation as an ETC in Minnesota as well, MPUC Docket No. PT-6182, 6181/M-02-1503, in a proceeding currently before a state administrative law judge. In Minnesota, the MPUC has taken the responsibility for making the critical public interest determinations here being made by the Commission and it is the MPUC that will rule according to the facts of the Minnesota case and its determination of the public interest balance in that case.

³ See, e.g., Application, pp 3-4, 14-16.

⁴ RCC Holdings, Inc. Petition for Designation as an Eligible Telecommunications Carrier Throughout its Licensed Area in the State of Alabama, Memorandum Opinion and Order, November 27, 2002, DA 02-3181 (“RCC Order”), paragraphs 3 and 32.

Wireline Competition Bureaus appeared to recognize the importance of the issues but found them beyond the scope of the current proceeding.⁶ However, analysis of the costs and benefits of RCC's petition cannot be beyond the scope of this proceeding. Without a full and fair review of the costs and benefits associated with RCC's petition, no reasonable judgment can be made regarding whether or not the granting of ETC status is in the public interest.

Finally, MIC concurs with the arguments of the Alabama Rural LECs that the Wireline Competition Bureau findings appeared to rely heavily on other decisions, involving different facts than those presented in this case.⁷ Each case must be judged on its own merits. In the current case, the record shows that substantial costs would result from RCC's designation as an ETC – costs that outweigh any alleged benefits, requiring denial of RCC's application.

For the reasons discussed above, and as discussed in the Application of the Alabama Rural LECs, MIC respectfully requests full Commission review of this matter.

Dated: February 10, 2003

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⁵ See, e.g. Application, pp. 16-21.

⁶ RCC Order, paragraphs 3 and 32.

⁷ See, e.g., Application, pp 21-23.

ATTACHMENT A
PARTICIPATING MIC MEMBERS

Ace Telephone Association
Albany Mutual Telephone Association
Arrowhead Communications Corporation
Arvig Telephone company
Barnesville Telephone company
Benton Cooperative Telephone Company
Blackduck Telephone Company
Blue Earth Valley Telephone Company
Bridge Water Telephone Company
Callaway Telephone Company, Inc.
Cannon Valley Telecom, Inc.
Christensen Communications Company
Clara City Telephone Exchange Co.
Consolidated Telephone Company
Crosslake Telephone Company
Delavan Telephone Company
Dunnell Telephone Company, Inc.
Eagle Valley Telephone Company
East Otter Tail Telephone Company
Easton Telephone Company
Eckles Telephone Company
Emily Cooperative Telephone Company
Farmers Mutual Telephone Company
Federated Telephone Cooperative
Federated Utilities, Inc.
Felton Telephone Exchange, Inc.
Garden Valley Telephone Company
Gardenville Cooperative Telephone Association
Granada Telephone Company
Halstad Telephone Company
Harmony Telephone Company
Hills Telephone Company
Home Telephone Company
Home Telephone Company
Interstate Telecommunications Cooperative, Inc.
Johnson Telephone Company
Kasson-Mantorville Telephone Company
Lonsdale Telephone Company
Loretel Systems, Inc.
Mabel Cooperative Telephone Company
Manchester-Hartland Telephone Company
Melrose Telephone Company
Mid State Telephone Company
Midwest Telephone Company
Minnesota Lake Telephone Company

Minnesota Valley Telephone Company
Northern Telephone Company
Northland Telephone Company
Osakis Telephone Company
Park Region Mutual Telephone Company
Paul Bunyan Rural Telephone Cooperative
Pine Island Telephone Company
Polar Communications Mutual Aid Corp.
Red River Rural Telephone Association
Rothsay Telephone Company
Runestone Telephone Association
Sacred Heart Telephone Company
Sherburne County Rural Telephone Company
Sioux Valley Telephone Company
Sleepy Eye Telephone Company
Spring Grove Cooperative Telephone Company
Starbuck Telephone Company
The Peoples Telephone of Bigfork
Twin Valley-Ulen Telephone Company
Upsala Cooperative Telephone Company
Valley Telephone Company
West Central Telephone Assn.
Wikstrom Telephone Company, Inc.
Winsted Telephone Company
Winthrop Telephone Company
Wolverton Telephone Company
Zumbrota Telephone Company